



Policy Number	Subject	Effective Date	Revised Date
2.0030P	Facilities and Administrative (F&A) Costs (Indirect Costs)	July, 01, 2007	
Responsible Unit/Division: Provost and Vice President for Academic Affairs.			
<input type="checkbox"/> New Policy Proposal <input checked="" type="checkbox"/> Major Revision of Existing Policy <input type="checkbox"/> Minor/Technical Revision of Existing Policy <input type="checkbox"/> ReAffirmation of Existing Policy			

I. OBJECTIVE & PURPOSE

This policy sets forth the requirements for the administration and implementation of Facilities and Administrative (F & A) costs (also referred to as indirect costs) at the University of North Florida. This policy is intended to complement the statutory authority provided to the University pursuant to section 1004.22 of the Florida Statutes, and other state or federal statutes, regulations and laws governing facilities and administrative costs.

II. STATEMENT OF POLICY

It is the policy of the University of North Florida to recover F & A costs (indirect costs) from each sponsored award at the appropriate full rates approved by its cognizant Federal Government agency, unless the Assistant Vice-President for Research, in consultation with the Provost and Vice President for Academic Affairs, has approved an exception. Principal Investigators are not authorized to negotiate indirect cost matters with sponsors. The authority and responsibility for administration and implementation of this policy are delegated to the Assistant Vice President for Research.

III. DEFINITIONS

A. "Facilities and Administrative (F&A) Costs (or Indirect Costs)" as defined in the federal regulation on the *Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions*, Office of Management and Budget (OMB) Circular A-21, are those costs that are incurred for common or joint

objectives and therefore cannot be identified readily and specifically with a sponsored project, an instructional activity, or any other institutional activity. These costs include: general administration, college and departmental administration, sponsored projects administration, building use allowance, equipment use allowance or depreciation, maintenance and operation of physical plant, library, student services.

B. "Modified Total Direct Costs" are defined in OMB Circular A-21 as "consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 shall be excluded from modified total direct costs."

C. "Cognizant Federal Agency" is a concept established by the OMB to simplify relations between Federal grantees and awarding agencies (see 51 FR 552). It provides for a single agency to represent all others in dealing with grantees in common areas. In this case, the cognizant agency reviews and approves grantees' F&A cost rates. Approved rates must be accepted by other agencies, unless specific program regulations restrict the recovery of F&A costs. The Department of Health and Human Services (DHHS) is the current cognizant agency for the University of North Florida.

IV. APPLICABILITY

This policy applies to all sponsored agreements (grants, contracts, and other agreements), with federal and non-federal agencies.

V. ESTABLISHING F & A RATES

The Office of the Vice President for Administration and Finance has the authority to negotiate F&A rates on behalf of the University. Rates are negotiated periodically between the university and its designated cognizant federal agency, the U.S. Department of Health and Human Services (DHHS), based upon actual cost records maintained by the university. The rate calculation follows the federal rules and regulations that govern grants, contracts, and cooperative agreements. UNF prepares its F&A rate proposal and submits it with supporting materials to its cognizant agency for audit review. F&A rates are negotiated with a representative of DHHS and a written agreement is reached and formally approved with appropriate agency and University signatures for implementation.

Through negotiations with DHHS, F&A rates are established for the following types of sponsored projects:

- a) Organized Research
- b) Other sponsored activities
- c) Off-campus activities

Neither UNF nor the sponsor can arbitrarily adjust the university's F&A cost recovery rates. When UNF accepts a project with a reduced F&A rate, it is agreeing to a substantial subsidy of real costs associated with the sponsored activities.

VI. Responsibilities

This policy requires all University administrators and Principal Investigators to perform sponsored projects on a full cost recovery basis. Administrators and Principal Investigators are obligated to ask for and recover indirect costs from all sponsors. Full cost recovery is necessary to support the University's physical and administrative capacity to perform extramural projects. Specifically:

- A. The Assistant Vice President for Research is responsible for:
 - 1. Distributing information regarding new or changes in F&A rates.
 - 2. Review and approval of all requests for reduction of F&A rates.
 - 3. Negotiating with funding agencies on matters of F&A rates.
- B. Principal Investigators are responsible for: Using established F&A rates (or approved lower rates where applicable) to budget anticipated project costs.
- C. The Director of the Office of Research and Sponsored Programs (ORSP) is responsible for: 1) Reviewing individual proposals and awards to determine the applicable F&A rates. 2) Ensuring that appropriate F&A rates are applied to all proposal budgets. 3) Recovering F&A costs from individual awards at the approved rates. 4) Recording F&A costs in the appropriate ledger. 5) Reviewing individual awards when F&A rates change to identify those awards that should be changed.
- D. The Vice President for Administration and Finance is responsible for: Negotiating F&A rates with the cognizant federal agency.

VII. Approval of Lower F&A Rates & Cost Sharing

The University may approve a lower F&A rate under one of the following conditions:

- 1. A non-profit agency/foundation has a published policy on the payment of facilities and administrative costs at a lower rate.
- 2. A federal or state legislation establishing a program, and/or an appropriation act, limits F&A costs.
- 3. An agency of the State of Florida has a published policy that imposes an F&A recovery limit on programs funded with state funds.
- 4. Compensation for the reduction of F&A costs is provided through an

administrative allowance as a matter of a funding agency's policy. The allowance will be prorated at the same rate as the F&A distribution.

5. The necessity of providing research services to local governments and social service agencies.

The Assistant Vice-President for Research, in consultation with the Provost, may approve the cost-sharing of project costs, including F&A costs, if it is determined to be in the best interest of the University.

VIII. Recovered F&A Costs

Florida Statute 1004.22 (5) states, inter alia, that the F&A costs recovered from grants and contracts to the university shall “be deposited in the permanent sponsored research development fund... (and) shall be applied to the cost of operating the division of sponsored research,” and that “any surplus ... shall be used to support other research or sponsored training programs in any area of the university.” Accordingly, the University will establish, from time to time, appropriate policies for the use of any surplus funds from recovered F&A costs, consistent with the provisions of the Statutes.